

Individual responsibility vs. State welfarism

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Personal and individual responsibility is as basic as life and liberty, growth and poverty, freedom and democracy. I would say that it is the "least common denominator" of the above social and political concepts. Yet it is a subject often relegated to secondary issue, if at all, when people discuss the above "all-encompassing" subjects like freedom and democracy.

But in almost all countries in the world, especially the rich countries, individual responsibility is often clouded and covered by attempts, at least by rhetorics, of their respective governments and politicians, to expand more government responsibility. Think of the classic "welfare system" of government providing for public education, public housing, public health care, public transportation, public pension, public banking, public utilities, public postal services, and so on. Even poor countries in the world also have welfarist aspirations in their constitutions and social legislations. The only difference is that rich countries have more tax money while poor countries have little tax money.

Big welfare always means big taxes; extensive welfare also means extensive bureaucracies; and more government functions also means more government regulations. And this creates its own contradiction, its own self-limiting constraints that makes continuing generous welfare more and more unsustainable in the future. This contradiction, if the trend continues and not reversed, is digging its own grave in many rich countries. Ever-expanding public debts, underfinanced social security, high or increasing unemployment rate, are among the early indicators of this.

A crisis of welfarism consists of (a) encouraging dependence on the state and even laziness, (b) discouraging hard work and industriousness in some people because of the "progressive taxes" system, and corollarily, (c) discouraging entrepreneurial start up and expansion because of rigid labor, social, environmental regulations, not to mention the complicated bureaucracy.

Extensive state welfarism is forced collectivism and forced equality. The rich and hard working guys are over-taxed and the money is spent to hire millions of government personnel, for distribution to the poor through free or highly-subsidized social services, and for important infrastructure programs around the country. The problem with forced collectivism and forced equality by the state is that individual responsibility is not given due importance.

People respond to incentives and shy away from disincentives. When being jobless can be rewarded with generous unemployment allowance and public housing, while working hard can be rewarded with high taxes, why work? Or atleast, why work hard? When hiring additional workers means paying lots of employment-related salaries and insurance (high minimum wages, unemployment insurance, health insurance, social security and pension insurance), and you cannot easily fire workers even if they do stupid and dangerous things, why expand hiring? Better to move out of your country, look for more business-friendly countries and expand your business and employment there.

That is why in many welfare states, persistent high unemployment rate (often double-digits) is common, like in Germany, France, Spain, Italy, and Belgium. Also, in countries with very strict and rigid labor laws, many people would rather become "employee forever" than become start up entrepreneurs someday. To be an employer, there are many taxes and permits to pay, many regulations to follow, many papers to fill up, many bureaucracies to visit. To be an employee, there are many protections and safety nets, so why aspire to be an employer?

It is confusing to think sometimes that while economies become richer and more industrialized, the citizens are expected to be more dependent on the government when they are mature enough to take care of themselves, their families and their communities. There is need to re-assert personal freedom and responsibility in taking care of one's education, health care, housing, pension, credit, and other social and economic services. To do this, citizens should be taxed less, regulated less, ruled less, by their governments.

Poverty and Government Misrule

The same way that not all market failures need government intervention, not all forms of poverty need government subsidies, welfare programs, and other forms of intervention. There are several reasons for the poverty of a certain household or community: natural disaster, personal disaster, other people-imposed disaster, and government-imposed disaster. Let us tackle them one by one.

Natural disaster. A productive and wealthy household or community can be rendered penniless by some acts of nature: strong volcanic eruption and lahats or mudflows afterwards, strong earthquakes and tsunamis, strong typhoons, hurricanes or tornadoes, widespread forest fire and drought, and so on.

Personal disaster. Many years of savings can be wiped out by a single act or series of acts of personal irresponsibility, like losing all the wealth in one long night of gambling, losing all savings in medication as a result of too much, too long drinking, smoking and drug abuse, losing all savings in luxurious spendings, womanizing, and other expensive vices. Poor parents having plenty of children while engaged in alcoholism, gambling and other vices is one formula of perpetuating the future generations of poor households.

Other people-imposed disaster. Some people can wipe out other people's fortune and savings by various acts of bullying and robbery: colonization and slavery, extortion and landgrabbing, arson and bombings, carnapping and kidnapping, and so on. Such acts strike into the heart of coercion and deprive men and women of their right to lives and properties.

Government-imposed disaster. While government's main function is to control and stop other people from bullying and robbing other people of their right to life and property, government's extended function (from state banks and corporations to business regulation, from public education to pension,...) enable it to confiscate people's income and savings through various taxes, fees, and regulations that they must comply with. By stifling entrepreneurship and job creation, many people become poor and jobless, irresponsible and miserable, so government provides various welfare programs, which further justifies continuing its confiscatory acts and

practices.

Given such forms of disasters, natural and man-made, internally- and externally-imposed, what are some options to fight poverty?

For natural disasters, some form of accident insurance and lots of savings will enable the households to rebuild their houses, other personal properties, and livelihood after sometime, somewhere.

For personal disasters, since the villain is oneself, the self-inflictor should be allowed to rest if that is what he/she desires. Educating and re-training the children to escape the fate of their less responsible parents can be taken care of by other people through their individual initiatives or voluntary organizations that provide charities to the self-driven individuals.

For other people-imposed disasters, government in its core function of protecting the right to life and property of productive citizens, should take of these bullies through the justice system. Although private security agencies and village-level security groups prove to be more efficient in neutralizing and fighting criminals and robbers than the police and other state armed personnel.

For government-imposed disasters, citizens should assert their right to the fruits of their hard work by demanding cut in taxes (especially personal and corporate income taxes), in the size and powers of the bureaucracy and politicians, and to assert the virtue of emphasizing personal freedom and responsibility, of voluntary acts of welfare, charity and collectivism. Government extending its functions to hundreds of otherwise private spheres is misrule and promotes more personal disasters.

The “government” being pointed out here refers not only to national and local government units. It extends to other governments-created bodies like foreign aid institutions.